

REENGINEERING ROYALTY MANAGEMENT PROGRAM BUSINESS PROCESSES AND SUPPORT SYSTEMS

CHANGE READINESS ASSESSMENT OF THE WORKFORCE

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EXECUTIVE SUMMARY

Background

In 1995, an Assistant Secretary of the Department of the Interior stunned the Royalty Management Program's (RMP) leaders and staff by telling them that their work was up for devolution to the states. In the spring of 1996, RMP's most senior leaders decided to reengineer its compliance business processes. Their thinking was that if RMP modernized this process, it could better assure its own survival. In the summer of 1996, RMP was taken by surprise by the passage of the Royalty Simplification and Fairness Act, a law that contained a set of changes that impacted the way RMP did its business. The scale of the change and its impact on how RMP did business surprised the staff. In the late fall of 1996, RMP decided to re-engineer all core business processes. For RMP to survive, senior leaders believed it would have to reinvent itself via large-scale improvements in effectiveness and efficiency.

RMP's Overall Transition Plan

From 1996 until now, RMP has issued a series of reengineering-related reports. In November, 1998, RMP produced its most recent document, *Road Map to the 21st Century*. This document outlines the desired changes in its two future core business management processes and structures. The Road Map presents how RMP will transform business processes, acquire technology solutions, change regulations and information reporting requirements, and modify organizational structure. The proposed compliance changes and supporting technology have been pilot-tested, and are being further refined through operational models. Full implementation is scheduled for September 2001.

Successful transition from “old” to “new” depends on an organization's ability to craft the right strategies to help it overcome barriers and build upon its assets. To develop effective strategies, an organization must know both where it wants to go (a destination ably described in the Road Map) and where it is currently. The Road Map identifies the need to assess the workforce's readiness for change, and to identify strengths and barriers that must be considered during the transition to the new way of doing business (e.g., assess the current situation).

Perspectives of RMP's Most Senior Leaders

The decision to reengineer core business processes was the most important decision made in recent years by RMP. Another important decision was to use the Project Management approach for leading and carrying out the reengineering effort. This approach focused authority with the most senior leaders and assigned project staff located in the Program Reengineering Office (PRO). The future process design and development work, including examination of technology solutions, has been managed through the PRO. Furthermore, the Associate Director and PRO have managed the internal and external communications strategy for the initiative. The Project Management approach was viewed by senior management as providing the needed concentration of authority, singleness of purpose and speed in making decisions for such an undertaking. This approach contrasts with the collegial but much slower decision-making process of RMP's Quality Steering Committee.

Senior leaders recognize that one cost of the Project Management approach is that not all managers and staff feel involved in the direction of the initiative and in decision-making. Senior leaders see the need for RMP to reach out and include managers and other staff more effectively in supporting the implementation of reengineering. They recognize that the current pace of decision-making leads to staff expectations that information that they think they need to meet deadlines and to achieve objectives has to be available in timeframes that fit their expectations. If it isn't, some staff will experience higher levels of stress, even distress. During implementation, RMP's senior leaders recognize the need to harmonize speedy decision-making with creating opportunities for inclusion of staff and developing sustainable team work rhythms. All three elements are essential in competitive business organizations.

Our Tasks and Major Finding

The Road Map requires an assessment of the readiness of the workforce for change. The balance of this report focuses on assessing what employees know about the change that is underway and what employees feel. By reporting employees' concerns, we do not imply that we necessarily endorse them. However, we believe that it is critical for RMP's senior leaders to be aware of these concerns so that they may respond appropriately. Our major finding is the following:

As organizations go, there is nothing unusual in the fears and concerns that we heard from RMP's staff. Most organizations going through a significant change will have employees who have difficulty with that change. It takes time and specific processes to move employees through the transition from the "old" to the "new."

In brief, our tasks were to:

- Identify potential transition issues.
- Assess where the employees and identified groups are now and where they need to be to minimize risk to the reengineering initiative.
- Identify potential organizational barriers or cultural resistance to moving to the new organization and processes.
- Identify organizational strengths that will assist in the change.
- Identify strategies and a plan for successfully managing the transition.

This report addresses these tasks in a descriptive manner. The next report, due in May, 1999, will detail specific strategies and a plan for the transition itself.

This report is based on interviews and observations of the employees, processes and organizational structures in place in RMP during January and February, 1999. Note that this report does not comment on the adequacy or appropriateness of the technical aspects of the change effort, but focuses primarily on the workforce's readiness.

Summary of the Current Situation

Transition Stage, Knowledge Base and Attitudinal State

People have many needs during big changes: for information, for involvement, for control. The organization's stage of transition and what employees know and how they feel are all closely linked. RMP has an opportunity to reduce uncertainties and fears about the change and accelerate the transition process. Many fears and uncertainties can be relieved by enhanced communications, and by employees taking advantage of the existing efforts to communicate change information.

Transitions have three distinct phases that can be anticipated and facilitated by an organization undergoing change: Endings, the

Neutral Zone and Beginnings. RMP is still very early in its transition process. Many employees (especially those on the compliance side) seem to be in the Endings phase. They know they will be letting go of many things they do now, and know little of how that will change. That makes it difficult for them to move into the Neutral Zone. Most employees on the financial side seem to be almost “pre-Endings,” meaning that they’re not sure what they’ll be losing, much less what they’ll be gaining and moving toward. Thus, the majority on the financial side aren’t focused on the change yet; it’s not real to them, nor will it be until they have some idea of the new software, how it will work and what process changes are involved. Managers at the grade 14 and 15 level appear to be at varied stages of transition as well. Many visible managers are clearly leaders and strong supporters of the “to be” model, and they could be categorized as moving into Beginnings. Other senior managers are perceived to be “on the fence” or even opposed -- signs of the early stage of the Endings phase.

RMP employees are generally well informed about the overall business process changes and concur that the change will happen. They have less knowledge about the implications of the changes for their work and are asking for details about how their individual jobs and work processes will change.

Attitudes are mixed concerning the change. Employees directly involved in the change - the PRO staff and the Operational Model Teams - express excitement, enthusiasm and eagerness to move ahead. However, most (about 81%) of the organization's employees are not directly involved and they look at the imminent changes with uncertainty, some fear and many concerns.

RMP should now focus on helping employees acknowledge endings and move quickly into the next phase, the Neutral Zone. The Neutral Zone is a time of exploration and discovery for individuals as they bring the new situation more clearly into focus for themselves and reduce their uncertainties. Thus, the time is ripe for RMP to accelerate movement into this next phase. As noted before, during big changes people express needs for information, for involvement, for some control. RMP has opportunities to provide more of each of these, especially to those not currently involved on one of the change teams, and to continue to encourage employees to take advantage of information-sharing processes that are currently available.

Key Enabling and Restraining Forces

The key enabling forces that could be deployed to advantage are the following:

- Many senior leaders are clearly dedicated to the change.
- The Project Manager, PRO staff, and RMP's Transition Team have resources that can be applied to helping organize, implement and track transition tasks.
- A large number of informal organizational leaders are participating on various change teams.
- Strong technical skills, information and experience exist in the workforce.
- Past experience at using information technology well exists, as well as adapting it when needed.
- Employees are committed to ensuring that RMP and the services it provides survive.

The key restraining forces to mitigate are the following:

- The perception by some employees that some senior managers are against the change.
- A perceived lack by some employees of a sufficient number of senior managers who are visibly overseeing implementation of the change.
- Notwithstanding the substantial communications effort undertaken, some managers and many employees say that the decision-making roles and mechanisms for resolving significant project issues are not clear to them.
- Many employees don't feel a part of the change process yet, and some indicate a strong desire to become part of it but don't see how right now.
- Concern by some employees that risk management and contingency planning associated with major software implementation need further clarification (staff are largely unaware of RMP's plans to require extensive acceptance testing including the running of live data).

- Many of the strategies employed (such as virtual teams and dynamic data verification) require rapid development of new skills and capabilities.
- A risk- and change-averse culture, with a vocal percentage of employees who apparently do not take the initiative to attend the change management meetings and read the change-related documents that senior managers have provided.

Preliminary Strategy Recommendations

Specific recommendations for change management strategies will be presented in our next product, the Transition Management Plan. Our preliminary strategy recommendations shown below address nine factors that we believe are important for achieving a successful transition.

Need for change

1. There is an important business related problem or need driving the change.

Employees still have various perceptions about the reasons for the change and more importantly about accepting their validity. Whether people see the driving pressure as political or business related is not as important as achieving greater understanding and building acceptance for the organization's changed role and strategies for continuing to achieve its mission. It would benefit everyone to have explicit dialogue with senior leaders about the organization's role and goals and the high-level measures for success. This dialogue should begin with senior managers and continue throughout the organization.

Consistent story

2. Organizational leaders are communicating the need for change in a simple, clear way; they are telling the “story” consistently.

RMP employees tell us they're hearing a mixed message, particularly from high-level managers. Moving through this transition could be accelerated by leaders in division head and senior level positions. Leaders must be able to accept the new way of doing business if they are going to be able to lead others in implementation. Senior leadership needs an open discussion of concerns and identification of any areas of values conflicts with the new strategies. Once accomplished, each leader should be expected to propose what he or she can do to support and assist in implementation and make a commitment to carry it out. The proposed change is too important to allow people who hold key positions to “opt out” or stay on the sidelines.

Two-way communication *3. There is an emphasis on continual two-way communications concerning the change.*

The large group meetings clearly identified the need for more two-way communication in smaller group settings. Employees are eager for details of every kind about how processes and jobs will change. They mentioned a desire to hear first hand from operational model team members who could speak with authority and knowledge about the changes. These team members represent a resource that could be tapped to conduct outreach and lead discussions around specific topics of interest to employee groups. RMP should develop a list of topics, identify team members who could lead discussions and develop a schedule. Team members may benefit from some advance training to help them lead or facilitate discussion groups. There is also a need to establish processes and structures that will help employees to feel heard, and to demonstrate how their input is used.

Sponsor *4. A senior manager with credibility and clout is designated the sponsor for the change and has a strong team whose time is dedicated to the team effort.*

RMP has good standing on the issue of top leadership commitment to the change and the presence of a strong team. We do see the need to recruit more leaders who can help carry out important change tasks to assume some of the considerable demands on the current core group. There is also a need for more senior leaders to be visible to those affected by the changes. This situation again argues for tapping more leaders who can help with various facets of leading the change.

Stakeholders *5. Key internal and external stakeholders are informed and involved.*

Regarding internal stakeholders, the 81% of the organization not already directly involved in accomplishing the change represents a valuable resource to assist with research, problem solving, planning and coordination for the project. Potential research and special projects abound.

RMP will also have an ongoing role to enhance the awareness and readiness of key external stakeholders. This is another opportunity to involve more employees, which accomplishes two objectives: it helps employees build knowledge and greater comfort with the

changes and it accomplishes needed tasks to move the project forward.

Internal service staffs need to function more as strong allies and partners for the change. The operational models depend upon them for proactive, timely support and assistance to make needed changes. It is vital to ensure that these key functions are “out front” in understanding and meeting the “to be” organization's requirements.

Game plan

6. There is a game plan that addresses the goals, key elements in the change, timetable and responsibilities, communications strategy, involvement of key stakeholders.

The Road Map represents the organization's current game plan for this change effort, and provides good, high-level direction. In addition, RMP has a consultant, Performance Engineering Corporation (PEC), who is tracking project management and implementation. The development of a game plan for the transition itself will be the topic of our next report.

Right now, the most significant need we see is to clarify decision-making roles and processes during the transition and thereby increase both the knowledge and comfort levels of managers and other staff who will play a role in implementation. The greatest need we heard from employees was the desire for more information on detailed project planning and contingency planning. It is not surprising given the analytical and risk-averse nature of the RMP organization that many of its members would want to analyze its plans in depth and seek a higher level of assurance about the adequacy of contingency planning. Senior managers are confident that ample project and contingency plans have been developed. Sharing more specifics about the plans where possible and developing opportunities to engage more people in carrying out the implementation will help allay fears and strengthen the final product.

Early wins

7. The change team generates some “early wins.”

There is considerable opportunity for knowledge transfer from the operational models. Universally, the employees in the large group discussions were aware of few “early wins” (specific accomplishments or steps forward). Helping evaluate the operational models lends itself to a core strength of RMP, auditing. Outside of the models, there are many people with excellent

analytical skills who could assist as evaluators and knowledge transfer agents, thus sharing specific accomplishments.

The new business processes and work design involve application of new skills and technologies. Training and pilot use for various aspects of the new technology can give employees not actively involved in the models some “hands on experience” of the changes in store for them. It can also help ready the organization in developing the skills and capabilities it needs for the future.

Enthusiasm

8. There are many informal organizational leaders who are enthusiastic about the change.

Although it was not clear to us who the respected “informal leaders” are, many employees expressed an interest in getting more involved and RMP should make every effort to capitalize on this situation. Opportunities exist for people to get more involved, especially in special project, analysis and research capacities. It is important for RMP to recognize and reward people who demonstrate commitment, produce results and are willing to lead in difficult times. RMP has a number of promotional opportunities triggered by unfilled vacancies that could be used to tap and formally recognize people who demonstrate the kind of capabilities and performance needed in the new organization.

Inevitability

9. There is a growing sense of inevitability that this change will, in fact, happen.

There is an overall acceptance of the inevitability of this change. However, in the large group discussions, many employees questioned “What was *wrong*?” with the old RMP. When change is proposed, people can sometimes interpret this to mean their work was not important, incorrect or unvalued. Helping celebrate and move beyond the past can help employees move out of the “Endings” phase of transition. To help with transition and to genuinely recognize the important work of people not on operational models who carry out most of the current work, RMP needs to develop creative opportunities to celebrate accomplishments and value people.

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SECTION 1.

INTRODUCTION

This report represents an assessment of the readiness of the Royalty Management Program (RMP) to handle the changes that are imminent regarding the two core business processes of financial management and compliance and asset management. The report is based on interviews and observations of the employees, processes and organizational structures in place in RMP during January and February, 1999. Gene Rouleau & Associates, Inc., was awarded a contract to provide this assessment, and to give an independent, neutral viewpoint on readiness and change management.

The report consists of five main sections:

1. Introduction: Overview of the report.
2. Background: Overview of the history of this change effort, its goals, and the status of the implementation to date.
3. Data Collection Process: How this assessment was done.
4. Assessment of the Organization's Readiness: Our findings and interpretations.
5. Conclusions and Strategies: Key strengths and barriers to consider during the transition to the new processes and structure; general strategies for the transition process; "quick hit" actions that could be taken now to position the organization for a better transition.

There is also an Executive Summary at the beginning of this report.

Gene Rouleau & Associates, Inc., assigned three management consultants to this project: Russ Linden (team leader), Martha Marshall and Joy Kimmel. All three have had experience working with federal agencies, and Ms. Kimmel has worked recently with RMP offices in both Denver and Farmington, NM. All three have served as neutral facilitators and consultants for various other clients. Resumes for these three individuals can be found at the Gene Rouleau & Associates, Inc. website www.generouleau.com.

SECTION 2. BACKGROUND

2.1.

RMP's Road Map to the 21st Century

In 1995, an Assistant Secretary of the Department of the Interior stunned RMP's leaders and staff by telling them that their work was up for devolution to the states. In April, 1996, RMP's most senior leaders began a reengineering initiative to improve the business processes in its compliance operations. Their thinking was that if RMP modernized this process, it could better assure its own survival. In the summer of 1996, RMP was taken by surprise by the passage of the Royalty Simplification and Fairness Act, a law that contained a set of changes that impacted the way RMP did business. The scale of the change and its impact on how RMP did business surprised the staff. In the late fall of 1996, RMP decided to reengineer all of its core business processes and began implementing this in April, 1997. For RMP to survive, senior leaders believed it would have to reinvent itself via large-scale improvements in effectiveness and efficiency. In March, 1998, the RMP Reengineering Team issued the *Preliminary Design Concepts for the RMP of the 21st Century*.

In November of 1998, RMP produced *Road Map to the 21st Century*, a document that outlines the desired changes in management processes, structures and the management action plan. The overall direction of the reengineering process is discussed in the Foreword of that document:

The Royalty Management Program (RMP) of the Minerals Management Service (MMS) is reengineering its business processes. The principal objective of the Reengineering Initiative is to design, develop, and implement new and improved business processes and automated support systems for the 21st century. A new concept of RMP operations, outlined in a March 1998 preliminary design document, has been affirmed as the best solution to achieve these reengineering objectives. This concept envisions a future RMP organized around two end-to-end core business processes—financial management and compliance and asset management—that are highly integrated, focused on outcomes, and less costly to operate than today's layered organization and function-based operation.

RMP will continue to perform its mission of ensuring that all revenues from Federal and Indian mineral leases are effectively,

efficiently and accurately collected and accounted for and disbursed to recipients. However, its strategy to achieve this mission will differ from the past in that the new processes will allow RMP to obtain accurate and more timely compliance at an earlier stage in its processes through effective information management, analysis, discrepancy detection and communication. The future organization differs from the “as is” condition in several important ways: RMP will be an organization that is process based versus function based; there will be significant reliance on information technology to enable the work; there will be an increased customer focus; there will be significant reliance on knowledge management as a core capability; RMP will develop a staff of knowledge workers whose skills and capabilities are broader and who will operate as multi-disciplinary “virtual” teams that may be geographically dispersed to accomplish work.

Successful transition depends, in part, on an organization’s ability to craft the right strategies to help it overcome barriers and build upon its assets. To develop effective strategies, an organization must know both where it wants to go (a destination ably described in the Road Map) and where it is now (the current situation). The Road Map presents how RMP will transform business processes, acquire technology solutions, change regulations and information reporting requirements, and modify organization structure. As part of the process of making these changes, the Road Map identifies the need to assess the organization’s readiness for change, and to identify strengths and barriers that must be considered during the transition to the new way of doing business.

2.2.

Status of Implementation

The decisions to reengineer core business processes and use a Project Management approach were two of the most important decisions made in recent years by RMP. The Project Management approach focused authority with the most senior leaders and assigned project staff located in the Program Reengineering Office (PRO). This approach provided the needed concentration of authority, singleness of purpose and speed in making decisions for this large undertaking. This approach contrasts with the collegial but much slower decision-making process of RMP’s Quality Steering Committee.

In January, 1998, RMP initiated pilot and prototyping projects to further define and test the preliminary design concepts related to the compliance and asset management process. The pilot

concentrated on building and leveraging knowledge of properties, commodities and producing areas; testing the effectiveness of performance-based teams; and analyzing a variety of resource management tools. The automated prototype focused on testing new technologies envisioned for a future RMP and providing a foundation for the requirement analysis for future computer system development.

The results of these two projects were used to define the work of the compliance operational models. Three model teams are functional at this time (Offshore Oil and Gas, Onshore Oil and Gas, and Solid Minerals), with at least two more teams being started in the near future. The model teams were formed in December, 1998, and as of this writing are still in the process of defining roles, tasks and team processes. These three teams were chartered with an approximate lifespan of two years. The teams have been assisted by both RMP staff (the Program Reengineering Office) and an external team development consultant.

The financial process work has focused on identifying future royalty and production reporting requirements and completing the definition of financial management functional requirements. These requirements are being used to develop a request for proposals to select a vendor to develop a financial system based on commercial off-the-shelf software.

The new core business processes are planned to be fully implemented by September, 2001.

2.3. Change Readiness Assessment

As discussed in the Road Map, RMP let a contract for this assessment of the organization's readiness for change, to identify ways to ease the transition from the current organizational structure and processes to the reengineered work. This assessment looks at the human side of change; it does not examine the core processes themselves or the proposed changes to those processes. This report focuses on assessing what employees know about the change and what employees feel. By reporting employees' concerns, we do not imply that we necessarily endorse their concerns or pass judgment on the validity of those concerns – we do, however, feel it is critical for senior managers and leaders to be aware of those concerns so that they may respond appropriately. We have attempted to report in a balanced and accurate way the

variety of beliefs, concerns, fears and hopes expressed by managers and employees with whom we talked.

During major changes, people have many concerns. As organizations go, we found nothing unusual in the fears and concerns we heard at RMP. Most all organizations going through a significant change will have employees who have difficulty with the proposed changes, and it takes time and specific processes to move them through the transition. Although challenging for reasons we mention in this report, this particular transition should be no more difficult than for other clients we had worked with who were dealing with changes of similar magnitude.

As discussed in the statement of work for the contract, we were asked to do the following:

- Identify potential transition issues.
- Assess where the employees and identified groups are now and where they need to be to minimize risk to the reengineering initiative.
- Identify potential organizational barriers or cultural resistance to moving to the new organization and processes.
- Identify organizational strengths that will assist in the change.
- Identify strategies and a plan for successfully managing the transition.

The bulk of this task is displayed in this report; a second report will detail the strategies and the plan for the transition itself. This report is primarily descriptive, whereas the next report will be more prescriptive.

SECTION 3.

DATA COLLECTION PROCESS

To get a broad view of the current strengths and barriers of the organization, interviews were conducted with several different parts of the organization in several locations:

Small Group Discussions: On January 5-6, the consultant team leader met with the Program Reengineering Office (PRO) members and several employee groups (financial management, managers and supervisors, compliance and asset management employees, and staff support and centralized functions employees). Key issues were identified and documented.

Large Group Discussions: On February 16-19, the consultant team met with a cross-section of employees (mostly non-managers) in the offices in Denver, Houston, Dallas, Oklahoma City and Tulsa. Each group was asked the same set of questions. Responses and key issues were documented .

Operational Model Teams: On February 22-23, the consultant team met with each of the three functioning compliance operational model teams to assess their successes and issues in getting established. They responded to seven topic areas .

Other interviews: One-on-one interviews were conducted throughout the data collection phase to clarify specific issues or points of view.

Data from these sources and from RMP's guiding reengineering documents were used to develop this report. This report represents an assessment of the workforce's readiness for change, and as such reports our findings from the above data sources, as well as our professional opinions on various issues. This report does not, nor were we asked to, provide an assessment of the adequacy or appropriateness of the proposed technical changes or processes to achieve the reengineering effort's goals.

SECTION 4.

ASSESSMENT OF THE ORGANIZATION'S READINESS

4.1.

The Transition Process

Transition Phases

Managing a change effectively depends to a large extent on how well the transition from the “as is” state to the “to be” state is managed. There are three primary phases of a transition¹ :

- Endings: Letting go of the “old.”
- Neutral Zone: The “old” is no longer with us, but the “new” is not yet clear.
- Beginnings: The “new” is being defined and accepted.

As with most organizations, RMP has employees and processes in each of these phases. The success of this transition process will be influenced by how consciously RMP moves through these three phases of the human side of change. It is important to celebrate the “old” and take from it what is valuable that can be used in the “new.” Employees do not want to feel that all their hard work over the years is now invalid because there is a “new” way of doing business. It is also important to be supportive of employees’ emotional state (anxiety, fear, excitement) as they let go of the “old” and enter the Neutral Zone, waiting for the “new” to become clear; they need opportunities and avenues to discuss their concerns. It helps to share plans for implementing the “new” and give employees a chance to influence that plan. Finally, it is important to clearly mark the “new” beginning, refine and share the plan, display the advantages and benefits, and get as many people as possible involved in some way.

Many at RMP (especially those in the compliance side) seem to be in the Endings phase. They know they will be letting go of many things they do now, and know little of how that will change. That makes it difficult for them to move into the Neutral Zone. Most employees on the financial side seem to be almost “pre-Endings,” meaning that they’re not sure what they’ll be losing, much less what they’ll be gaining and moving toward. Thus, the majority on the financial side aren’t focused on the change yet; it’s not real to

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Transitions. William Bridges, 1980. Addison-Wesley

them, nor will it be until they have some idea of the new computer software, how it will work and what process changes are involved.

Transition Factors

Moving through the three phases is easier if the organization has some specific structures, processes and attitudes in place that address the following factors that facilitate successful transitions:

1. There is an important business-related problem or need driving the change.
2. Organizational leaders are communicating the need for change in a simple, clear way – they are telling the “story” consistently.
3. There is an emphasis on continual, two-way communications concerning the goal of the change, how this change will impact the staff, how staff can get involved in the change, results of early pilots, feedback on staff input, etc.
4. A senior manager with credibility and clout is designated the “sponsor” for the change, and has a strong team whose time is dedicated to the change effort.
5. Key internal and external stakeholders are informed and involved.
6. There is a game plan that addresses the goals, the “story,” guiding principles, key elements in the change, timetable and responsibilities, communications strategy, and involvement of key stakeholders.
7. The change team generates some “early wins” that show progress to employees.
8. There are many informal organizational leaders who are enthusiastic about the change and who speak out.
9. There is a growing sense of inevitability that this change will, in fact, happen.

If these nine factors are addressed, the organization has a good chance of having a smooth transition to the “new.” Transition strategies relative to these factors are discussed in the Conclusions and Strategies at the end of this document. These nine factors formed the basis of our large group interviews.

Knowledge and Attitudes Two key areas for helping an organization move through transition are (1) building knowledge in the workforce about the change and the need for change, and (2) developing and encouraging attitudes that lead to acceptance and support of the change. The organization's readiness in these two areas is discussed below, as well as factors that assist with or resist the change (enabling and restraining forces).

4.2

Knowledge Base Concerning the Change

To thrive in a climate of change, people typically need information, opportunity for involvement and some sense of control. The following sections examine the current state of knowledge by RMP employees concerning the proposed change. Gaining knowledge and understanding are important first steps to attaining individual acceptance. RMP has an opportunity to address these needs by enhanced communications, and by employees taking advantage of the existing efforts to communicate change information.

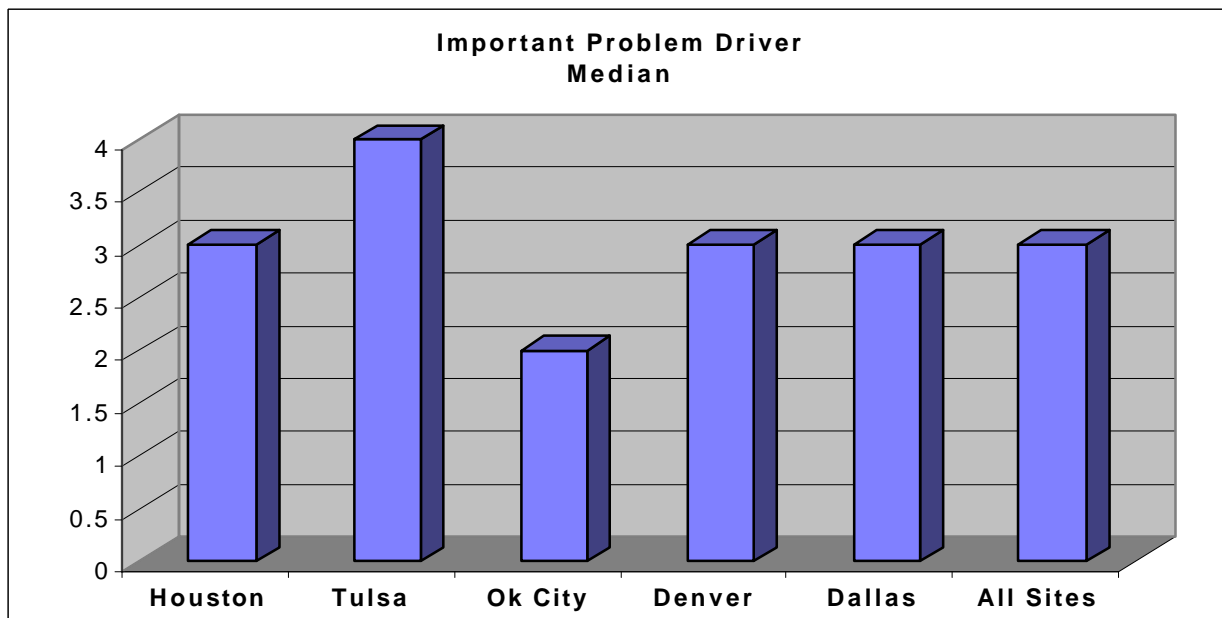
Employees were asked to rate several questions on a four-point scale:

- 1 = Does not exist now
- 2 = Exists a little
- 3 = Exists a fair amount
- 4 = Exists a great deal

4.2.1.

The Need And Reasons For The Change

In our large group discussions with RMP employees, we found that most recognize important reasons for change. When employees in these discussions rated the extent to which "there is an important business problem or need driving the change," the median response was a rating of 3 out of the 4 possible points.



Most see the need for change as compelling, although there was some debate over whether the driving force was a “business need” versus a “political need.” Employees typically concur that industry has expressed concerns about RMP processes and Congress has reacted in the past by proposing legislation to either eliminate RMP or significantly alter how it conducts business. At the heart of this disagreement is a debate over how important it is for RMP to be easy for industry to do business with in the performance of its primary mission of compliance and collection. Those who minimize the importance of customer service to industry see the primary threat as “political” while others who see the benefit of greater partnership in obtaining compliance tend to term it a “business reason.” Semantics aside, most employees were clear in their understanding that RMP must change in order to survive.

RMP is proposing a fundamental shift in the strategies it emphasizes to accomplish its mission. RMP is shifting to emphasize getting timely compliance from industry up front in its process through better information management and more skilled analysis, and relying less on traditional audits to detect and correct problems. There is a very real opportunity to have more dialogue about the implications and the reasons for this shift. This is an important opportunity to improve the organization's readiness. As more employees understand and accept the business reasons for change (e.g., current slow cycle times, following up on audits 10-15 or more years after they've begun, customer complaints about the processes, etc.), more will be open to the change.

4.2.2.

Definitions and Measures of Success

Given the debate about the appropriate strategies for mission achievement noted above, it is not surprising that there is some uncertainty about how to measure success in the organization as a whole. The organization is still grappling with questions of defining its role and goals, particularly the auditors in the compliance function. The fundamental conflict seems to be that if RMP does an excellent job of obtaining better, faster compliance up front, there will be far less noncompliance to “find” and collect through audit. Employees ask, “Do we accept that audit findings and collections will be reduced in the new design?” By the “old measures,” reduced collections would be a failure. However, if success is measured by up-front compliance, then reduced collections (combined with favorable collection data) would be a sign of success. This situation represents an opportunity for dialogue to increase understanding about the proposed changes.

Among the operational models and team members, we found a wide range of ideas about the measures of success, without much overlap or consistency. This variability exists despite the fact that each model was near completion of a charter with apparently clear and consistent definitions of success. Team members were probably sharing their own personal views of success by statements such as, “I’ll view this as a success if we all give it our very best effort.” Still, it would be helpful to see greater and more explicit reference to team goals and measures at this point.

4.2.3.

Elements of the Change

In general, employees we spoke with could recite the major elements of the proposed design changes with accuracy. Whether in Denver, Dallas, Tulsa, Houston or Oklahoma City, everyone seemed to know the basic facts. However, those in compliance and asset management seemed to have more information and understanding about the *implications* of the change than did employees in financial management. This difference may reflect the later inclusion of the financial management process in the organization's reengineering efforts; employees may not have had sufficient time to think through the implications. It could also reflect how the message is being communicated by managers.

On the financial management side, we often heard employees summarize the proposed changes as “acquisition of a much needed new computer system” [commercial off-the-shelf (COTS) computer application]. Little was mentioned about how their

processes would change; according to the PRO staff, there apparently will be several process changes. On the compliance side, we heard much from auditors about their concerns regarding how the new processes and technology could change their role and work. Still, we heard limited discussion of the anticipated emphasis in the compliance process on using judgment, knowledge management and knowledge sharing. Helping all employees understand both the facts and the potential implications of the redesigned processes represents an opportunity for RMP to increase understanding and acceptance of the change.

4.2.4. Roles

With the changes proposed to both core processes, the role of RMP will change somewhat and the role of some employees and position types may change significantly. While most employees know the basic facts of the proposed changes, fewer understand the implications of the change, much less its implications for them personally. At this point, the employees who are most vocal with concerns about their role in the “to be” organization are auditors on the compliance side. They express concerns about losing professional identity and even their certification as auditors. Their concern is not only about the psychological aspects of group identification, it also reflects concerns about their job titles, classification, pay grades, etc. Auditors who attended the large group meetings voiced concerns about losing pay grades, and speculated that analyst positions in the new organization would carry a lower grade. They appear to not be aware that the full performance level for their occupation and that of analysts is the same, GS-12.

Auditors appear concerned about the proposed staffing of teams; they are apprehensive about the type of positions that will exist. The word “generalist” has a very negative ring for many; other words, such as “multi-skilled,” may be more accurate and more helpful in communicating the intended skills and capabilities of employees.

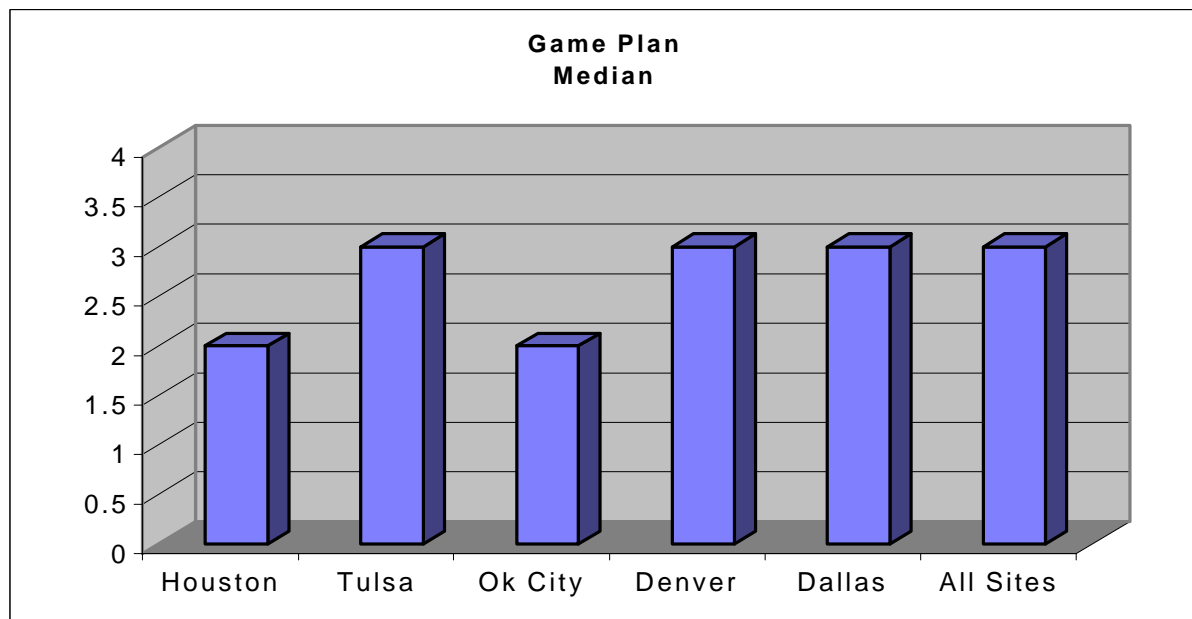
Some auditors also have concerns about the role of RMP as an organization. Some see the organization’s role primarily as regulatory, and worry that the new process will lessen its regulatory power. If RMP forms a closer partnership with industry, they fear that they’ll be getting “too close to industry.”

Overall, the topic of roles is ripe for further exploration both about organizational and individual roles. In particular, employees in the

large group discussions wanted to know more about their own personal roles in the new process.

4.2.5. Implementation Steps and Timing

Employees outside the operational model teams are especially eager for more facts and specifics concerning the proposed changes. When we asked the large discussion groups to rate whether “there is a game plan that addresses the goals, key elements in the change, timetable and responsibilities, communications strategy and involvement of key stakeholders,” the response was mixed but positive. Overall, the median rating was 3 out of the 4 possible points (“exists a fair amount now”). However, the Houston and Oklahoma median was only 2.

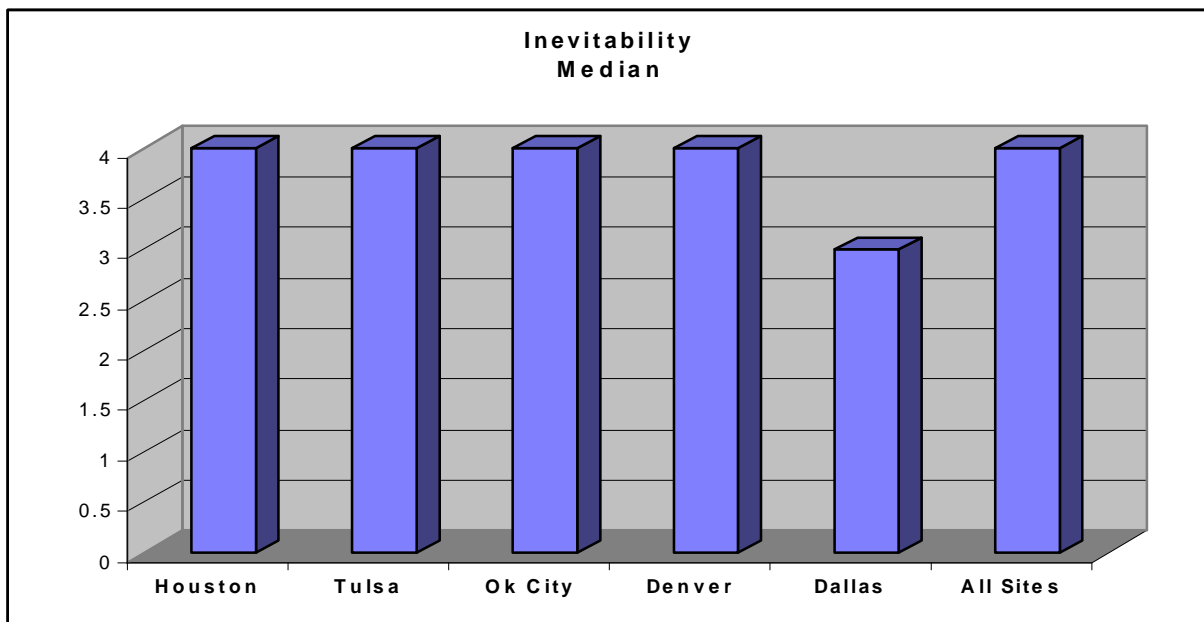


When we probed for more information about employee uncertainty about the game plan, we were told, “We are tired of hearing ‘we don't know’ in response to our request for more specific information.” The existence of the Road Map was acknowledged but few had actually read it. Those who had or who voiced an opinion about it thought the document was too general or conceptual in nature to answer the detailed questions they had raised. Some employees expressed concern over the timing of implementation. They wanted to understand in a much more specific way when and how implementation would take place. They were frustrated by the shortage of detailed plans and wondered if more should be defined at this point given the short

timetable for implementation. For the most part, they appeared to be unaware of the project management process being carried out by a consultant (PEC).

4.2.6. Beliefs about Inevitability

There is a strong belief that this change will occur. In fact, we observed the strongest positive ratings of any of the change readiness questions with the large discussion groups when we asked them to rate “There is a growing sense of its inevitability; this change will happen.” The median response for all but the Dallas group was 4 on the 4-point scale. Apparently this is quite a change from 12-18 months ago, when many staff openly stated that “this reengineering effort will never happen.” That sense of inevitability is a plus in that few (who oppose the changes) think a “wait ‘em out” strategy will work. It’s a minus if people are passively going along with the change because it’s inevitable, but are putting no energy or thought into it.



4.3. Attitudinal State Concerning the Change

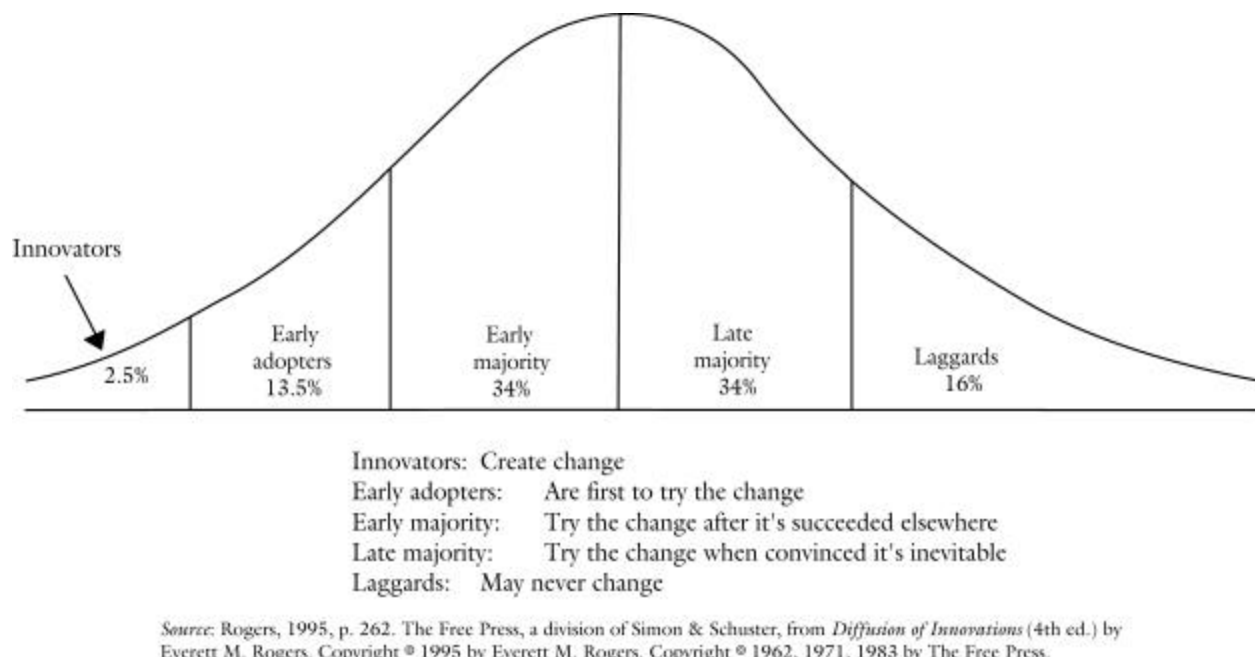
4.3.1. Acceptance

As with any organization going through a significant change, RMP employees have different reactions and responses to the proposed changes. Several employees are “innovators” who are enthused about the change and prefer to be leading it. There is a large group

of “early adopters” who are generally open to change and want to be among the first to try it; many of these are on the operational model teams. Then there are lots of people in the middle groups of “early majority” and “late majority.” “Early majority” people need evidence that the change will work; there were many requests from all of the large groups interviewed for more specific information that would, conceivably, “prove” to these people that the change was worthwhile and feasible. This is where the real opportunity exists for RMP to get the change adopted; continuing to provide information and opportunity for involvement to this group will help move them into the “adopters” category. The “late majority” people need evidence that the change is inevitable; they will accept the change, but later than the “early majority” group.

Finally, there’s a small group in any organization that will resist the change to the end, or won’t change at all. These people may opt out of the organization (through transfer, retirement or resignation) as the change is implemented. Because of the risk-averse nature of the organization’s culture, this “laggard” group may be larger than that found in typical organizations. Some in this group resist the fast pace of the changes, while others resist the changes themselves. Some of this resistance shows up in not attending change information meetings or reading related documents.

A typical representation of these groups is shown in the following graphic.



4.3.2.

Excitement and Enthusiasm

Enthusiasm and excitement about the work and the proposed changes is most evident in the operational models teams. This is to be expected, as these people volunteered for (applied for) positions on these teams. The same level of enthusiasm and excitement will probably not be shown by all subsequent teams, especially if people are reassigned to teams rather than volunteering. There will be a mix of early adopters, early majority and late majority people on these teams, and they will need more information and proof of the usefulness of the change in order to generate enthusiasm.

The Reengineering Team members appear very committed to the effort, but seem, at this point, to be more concerned than enthusiastic. This could be due to feeling overwhelmed because of the many operational tasks and deadlines that they are currently involved with. These people are looked to as “leaders” of this change, and whatever enthusiasm and excitement they can show will help to rally the rest of the organization. Resolving some of the operational and deadline issues for them would probably help here.

4.3.3.

Belief in Benefits

The leaders of this change appear to see many benefits, and have been sharing information about those benefits with all employees. However, information is on a “high” level (not very detailed), and some employees have the impression that they’re being asked to trust the leaders without much proof. Many division chiefs don’t seem to see clear benefits yet, which leaves some of them lukewarm about the changes, at best.

The large groups were asked how much confidence they had that the planned changes, if implemented, would create a major improvement for RMP and its stakeholders. The answers were all across the board – some people believed the changes would make a big difference, but others stated that this was just another initiative that would not produce major benefits. Others were very cynical about the purported benefits, stating that this whole change was politically driven, not benefit-driven.

Many employees at several levels in the organization are still unclear as to the specific benefits of the changes to RMP, the employees and the customers.

4.3.4.

Level of Trust

The level of trust in both the proposed changes and top managers who are supporting the change is very low in general, which seems to stem from the reorganization of 1992 that was done very secretly, and from the 1995 announcement of devolution. Employees referred to these events several times during the interviews. In addition, some employees lack trust in this change because they don't see a "plan B" that will be put in place if the proposed changes don't work. There have also been organizational change efforts in the past that were rolled out to great fanfare, but that went nowhere (e.g., TQM). And many employees in the interviews wondered about the message that senior managers who have chosen to leave are sending – if this change is so good, why do key people seem to be "bailing out"? It will be important to address this trust issue to ensure a smooth transition, to get it out in the open and provide facts so that assumptions and rumor can be minimized.

As current plans are implemented and results are demonstrated, awareness of the benefits should rise and trust in the reengineering effort should grow.

4.3.5.

Resistance

There are some in RMP who passively and actively resist the proposed changes. This comes largely from those who perceive that they have something to lose as a result of the change (which is a natural concern). Significant resistance was heard from and about some division chiefs and some auditors. We found that there is a good deal of skepticism and cynicism about the proposed changes, for various reasons: low trust, past change efforts that didn't go well, fear, etc. One particular reason for this skepticism is the amount of perceived ongoing micro-management (particularly in the audit section), which makes many skeptical that the culture will really change to one focused on team empowerment.

4.3.6.

Fears and Concerns

The large groups were asked specifically about the concerns they had about any of the planned changes. Many concerns were expressed about whether or not the new COTS software can do all of what it's supposed to do, and what the backup plan will be if it can't. They believe there is no ability to run a parallel computer system because of data element incompatibility, and people are concerned about the consequences of software failure. There is also concern about not having enough time to fully customize and test the COTS software, and about the lack of synchronization of

timing between the purchase of the software and the completion (or at least learnings) from the operational model teams. Some expressed concern that funding would not be adequate to make all the needed system changes. Employees appear unaware that RMP's contract with the financial systems vendor will require extensive detailed acceptance testing including the running live data. RMP can relieve a fair amount of employee apprehensions by communicating to staff its plan for rigorous acceptance testing, including running live data.

Other commonly expressed fears included the following:

- Losing professional identify among auditors
- Not conducting audits as carefully as in past
- Getting “in bed” with industry
- That change leaders will feel the need to make the change look like a success, regardless of the actual results

4.3.7. Attitudes that Support Change

One of the greatest strengths of the RMP workforce is their commitment to making sure RMP and the services it provides survive. There is a strong belief that RMP provides valuable services to stakeholders, and that RMP should continue to do so.

Top management has visibly supported the change effort (even though the employees would like to see more of those at the very top), and their efforts have garnered financial resources to underwrite the change. There is an openness to change among most of upper management and a willingness to be proactive and take reasonable risks. At least early on, these managers have “carried the flag” and “rallied the troops” to encourage employees to be open to the coming changes. There is an ongoing need for inspirational and believable leadership to bring the organization through this effort.

There appears to be less general openness to change the further one gets away from those actively involved in the change. RMP by its mission, nature and culture is an organization focused on details, established procedures, and maintaining the status quo. The people who are drawn to accounting and auditing work appear to fit well in this culture. However, when the organization needs to change, these same people have difficulty dealing with the ambiguities of change, and are loudly asking for more specifics, more details. If they are given these specifics and time to

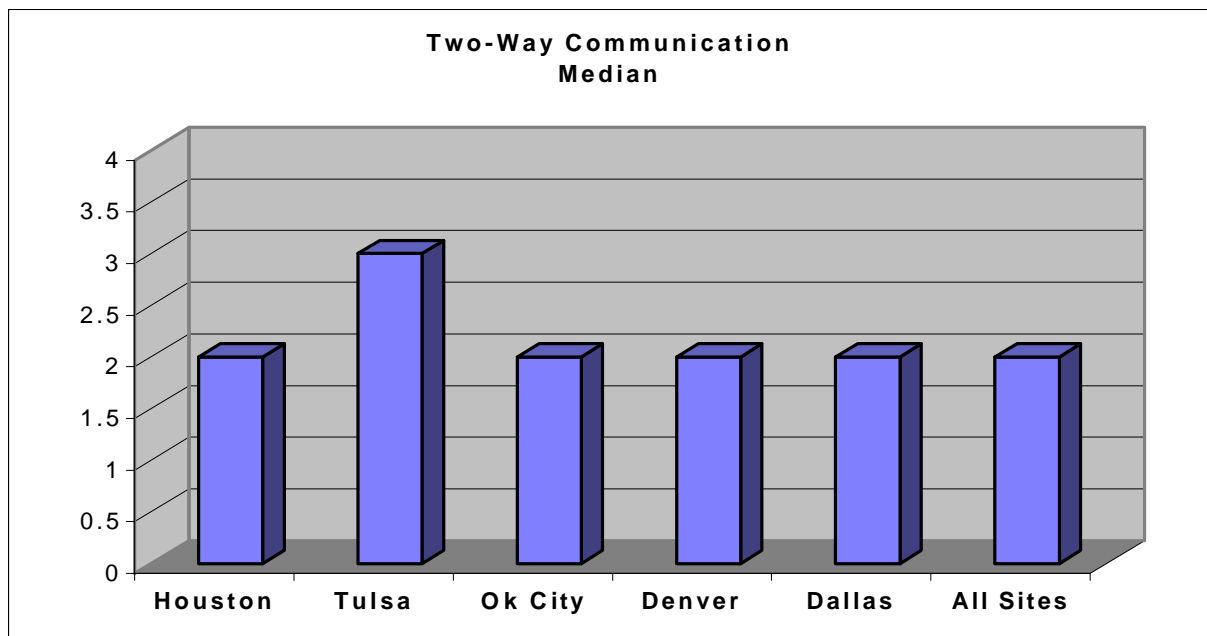
familiarize themselves with the new tools and procedures, by nature most of them will comply with the requested changes.

4.3.8.

Inclusiveness

An organization that moves easily through change exhibits the characteristic of inclusiveness: All employees are seen as having valuable contributions to make to the change effort, and those leading the change actively seek out and use ideas from others. About 19% of all RMP employees are actively involved in this process, one way or another (were on the pilot teams or are on the model teams, the Program Reengineering team, the transition team or other teams working on implementation). The Program Reengineering Office has made great efforts through their outreach meetings to share information with employees throughout the organization. The informing function has worked very well; many employees indicate they are getting much more information about this change than about past initiatives.

But most of the communication has been one-way. When asked about two-way communications on the coming changes, more employees scored it 1 or 2 than 3 or 4. People acknowledge that there has been a lot of information flowing down; even after providing input, most employees don't feel heard because they don't see how their input is used. This is partly because the reengineering team has so much on its plate it simply lacks the time to respond to all ideas and inquiries. In addition, some employees believe the change leaders are so committed to this particular change that they aren't open to any more input.



However, there are ways of responding and “closing the loop” concerning input that could be done simply and efficiently. There is a need to increase the involvement of all employees in the coming change, even before they are assigned to project teams, to both garner good new ideas and encourage a sense of involvement, ownership and inclusiveness.

The operational model teams feel very included in the changes, as they are helping to test and refine the processes and structures. It would be helpful if these team members could find ways to get ideas from or otherwise include those “left behind” back in the old work. There is some sense of being in the “in” crowd (if you are actively involved in the change), or being in the “out” crowd if you are not.

4.4. Enabling And Restraining Forces For Change

Any change effort has forces that encourage or assist the change in happening (enabling forces) and forces that hinder or resist the change effort (restraining forces). If the organization can capitalize on the enabling forces and minimize the restraining forces, the implementation of the change will be easier.

Enabling forces

Enabling forces that we see in the organization are as follows:

- Many senior leaders are clearly dedicated to the change.
- Considerable funds have been dedicated to this effort.
- Change management responsibilities have been concentrated in the hands of a few leaders and managers (the Project Manager, PRO staff and RMP’s Transition Team), rather than in a large, diffuse group.
- A large number of informal organizational leaders are participating on various change teams.
- Strong technical skills, information and experience exist in the workforce.
- Past experience at using information technology well exists, as well as adapting it when needed.

- A reasonable game plan exists (The Road Map).
- An external threat exists that makes change necessary.
- There's a strong commitment to seeing that the agency and the services that it provides survive.
- The change is seen as inevitable by most all employees.

Restraining forces

Restraining forces we see in the organization include the following:

- The perception by some employees that some senior managers are against the change.
- Lack of awareness by some employees of the “business problem” driving the change (the “real” need).
- Perception of some employees that some change leaders are no longer listening to input.
- Concern by some employees that the COTS won't handle the task required of it, and that a backup plan or system to keep operations going on the financial side during the transition is not clear to them.
- Many employees don't feel a part of the change process yet, and some indicate a strong desire to become part of it but don't see how right now.
- Some managers are seen as strong micro-managers, reflecting an organizational culture that isn't friendly to the desired change and teamwork.
- There's a perceived lack by some employees of a sufficient number of senior managers who are visibly overseeing implementation of the change.
- Bureaucratic structures and processes exist that inhibit rapid response to needed changes (such as personnel regulations and processes).
- Many managers and other staff say they are unclear about the decision making roles and mechanisms for resolution of significant project issues.

- The change project is large and demanding from both a technical and a human perspective, and the handful of change leaders and staff who report to them at the project's core bear a significant work load. Stress overload and burnout are concerns.
- Many of the strategies employed (such as virtual teams and dynamic data verification) require rapid development of new skills and capabilities.
- The current tenure of the workforce is both an asset and a limitation: Many can retire in the near term, and this can create an "I can always just leave" attitude that inhibits engagement in making the change work.
- A risk- and change-averse culture, with a vocal percentage of employees who apparently do not take the initiative to attend the change management meetings and read the change-related documents that senior managers have provided.

These forces are discussed in more detail in the following sections.

4.4.1. Organizational Management

As noted above, many employees perceive that some senior managers are clearly cheerleading and supporting change, but a number are perceived by employees as being on the sidelines, even speaking out against the change, its benefits and chances for success. There is a clear need for change leaders to be more visible in supporting this effort. Several division chiefs are perceived as non-supportive, and the fact that four have recently left (or are about to) is interpreted by many as a sign of lack of management support for the change (they're seen as getting out while the getting's good). Those senior managers who clearly support the change (and there are several) may be somewhat overwhelmed in terms of demands on their time, which makes them less available to communicate with others about the status of the change activities and for reinforcing the need for change and the benefits of the change.

Again, as mentioned above, the bureaucracy, by its nature, also resists change or changes slowly. There is a need to continually explore ways to improve processes, procedures and outcomes, and there is a need for all in the organization to be open to this constant exploration. Rather than the "you can't do that because..."

response of parts of the current organization to a request, there is a need to shift to a “let’s find a way to do that” approach.

4.4.2.

Human Resources

The great strength of RMP is its employees: They have great technical skills, information, and knowledge of dealing with the tribes, states, industry and the Treasury. They have an ability to work with and around a variety of systems, and an openness to process management. They are good at managing crises and big projects, and have experience in both. They are good at managing operations in general, and they have a strong commitment to making sure RMP comes through this current change initiative.

There is considerable concern, especially on the audit side, about the job series employees will be in if they become “generalists,” and a concern that they will lose their professional identities if they decide to move on to other positions outside RMP. There is concern that there is no apparent succession planning going on (which some believe is resulting in many key positions being “one deep” and lacking adequate backup). Some see that the organization in the past has hired and promoted people who are, by personality, individualists, but the change places a big premium on operating in teams.

Workloads

Many who are not on the current teams have taken on more work as their former workmates move into the new processes. This has left some with a large workload that, at times, becomes unmanageable. It is important during this transition to the new order that those who are still working in the old system do not become overloaded, which can lead to burnout and resistance to the change.

Rewards

There is a big need/opportunity to recognize and reward the many who aren’t on a change team now, those who quietly keep the daily operations humming. They need to hear that they, too, are vital to the organization, and that they are valued for keeping customers satisfied during the transition. However, some employees say rewards (both formal and informal) are currently too easy to obtain or are not closely aligned with desired behaviors and outcomes, thereby reducing their meaningfulness.

Position management

Regarding position management, several positions are open now, some in key management positions. Leaving them open for a long period of time may work against the change effort. Filling them in the next 3-6 months could provide an opportunity to promote from

within those who are supportive of change, sending a strong signal to the workforce.

Training

Appropriate and timely training is a necessity for this change. There will be a big need for just-in-time technical training, probably on an ongoing basis, for both the operational model teams and for others who are given new tools and processes to manage. The training that has been provided to the operational model teams (mostly team development training so far) is seen as very helpful. Now the teams are asking for more technical training – they want specifics to be able to do their tasks better. Training was identified by several large groups as a strategy to help manage the transition. This is also a near-term opportunity: Some employees not currently involved with the change could be invited to form a team that researches the types of training that will be needed and plan for it.

4.4.3. Risk Management

Both at a management level and among employees generally, all were aware of the magnitude of the change project from a technical standpoint. Many managers and employees are concerned that they see is no “Plan B” (contingency plan) for dealing with software delays or setbacks. Even people on the financial management side (who minimized the real impact of new processes or technology on their operations) found the size and risk of the COTS software acquisition and customization project daunting. The data supplied by industry will change in many ways to simplify and streamline data collection. These employees believe that these changes limit the organization's ability to run a new system in parallel with the existing one. They are apparently unaware that RMP's contract with the financial systems vendor will require extensive, detailed acceptance testing, which includes running live data.

On the compliance side, there is a concern about the magnitude of the software development project, as the agency is breaking new ground in developing automated valuation tools. Many employees recall the long timetables of RMP's software projects that were done in the 1980's, and believe that the timetables for this software project are more ambitious and more challenging.

A “wild card” that arose in discussions with several managers was the potential for Congress to mandate royalties in kind (RIK) and discard valuation altogether. They speculated on what impact this might have on processes and software development and wondered whether some contingency planning might be prudent.

RMP's organizational culture can be described as highly risk averse. The very nature of the auditing, analysis and regulatory work at the heart of the agency mission requires attention to detail, thorough documentation and a strong value on compliance to rules. Several managers voiced the need for more detailed planning and contingency planning and they would like to assist in this capacity if they felt the offer would be received positively (as opposed to being perceived as critical of the project).

4.4.4

Organizational Processes A number of organizational processes are critical to managing the human side of change. Several of these are discussed below.

Information flow RMP employees have received and assimilated most of the basic information about elements of the planned change. Their interest now appears to be in exploring the implications of the change and understanding how the various elements will be implemented. The large group briefings were well done and served their purpose. Now is the time to move to small group (perhaps focused on each office or by job function), two-way communications that covers what's happening that will directly affect people. Employees want to cover a smaller number of topics in more depth and have an opportunity for individual questions. Also, there's a need to create some liaison mechanism between offices and the change leaders that enables quick two-way conversations. People want both more specific information and the opportunity to be heard and see how their input is used.

Organizational learning The "to be" RMP is an organization that excels in knowledge management. Learning how to learn and to transfer knowledge will be a major need. The operational models provide a rich laboratory for exploring needs, developing tools and gaining new skills. The immediate challenge is to enable RMP to learn from the models. How will the models learn from each other during the current efforts? What mechanisms, electronic and human, are in place to ensure easy and rapid knowledge transfer as elements of the financial and compliance processes are fleshed out? These are big needs; they also represent opportunities to involve those who aren't currently on a change team, to start finding answers to such questions. Developing processes and capabilities for organizational learning are important building blocks for RMP's future success.

Decision making and accountability

RMP is actively seeking to change its method of decision making, and managers and employees are still early in the process of understanding and experimenting with the new approach. During our discussions with managers, the model teams and employees at large, uncertainties and therefore concerns were raised about both the decision making process and accountability. Among managers, several expressed discomfort that the decision making process was not more clearly defined. They wanted to discuss and understand decision making – in particular, they wanted to anticipate major decisions and understand who would be making decisions and how those decisions would be made. Among many on the change teams, there is a perception that it isn't clear who makes certain decisions regarding the change, especially if different, conflicting directions are taken by various teams. Issues raised concerned items such as who decides when to adjust the Road Map timetable; how to “break ties” when two groups disagree; what's the best way to ensure knowledge transfer; how to approach key middle and senior managers who don't appear to be supportive of the changes. At a much more operational level, employees asked how the organization will ensure consistent and equitable decisions are made by the many planned teams concerning collections and enforcement actions.

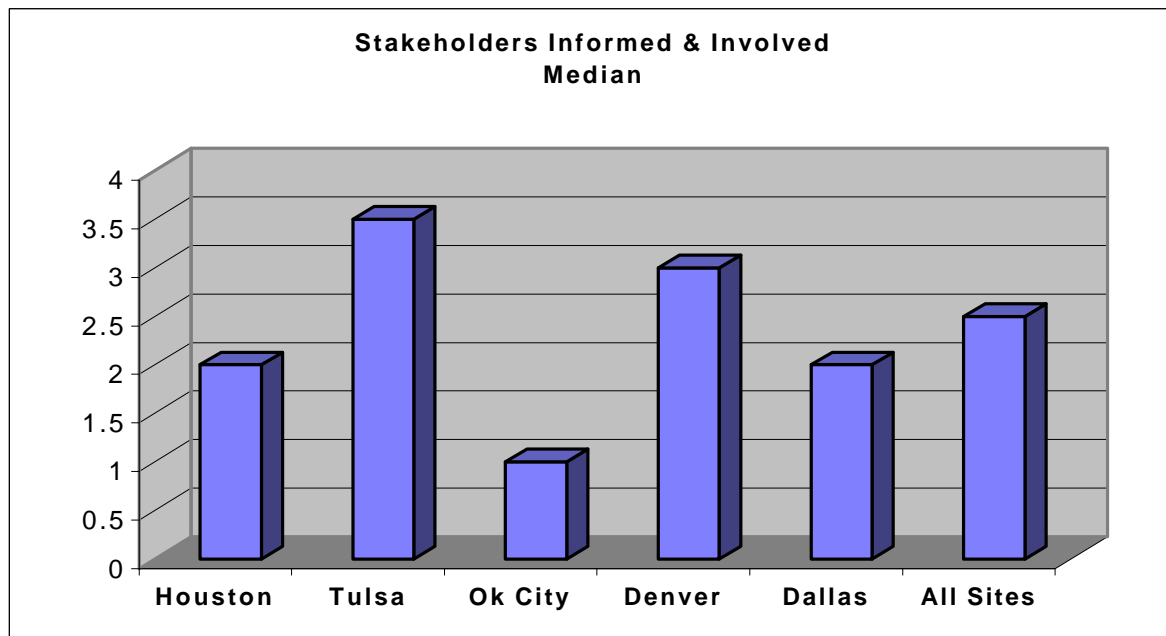
As observers, we are not surprised to hear that managers and employees have questions about decision making and want to anticipate the “road ahead.” Senior project leaders state that extensive time and attention have been devoted to issues of project management and decision making; these processes appear clear to them. The concerns we heard in the organization may stem from lack of information and, as such, the situation represents another opportunity for more communication, dialogue, learning and involvement with and for employees.

Adhocracy

Adhocracy is a term we heard in discussions about senior leaders regarding the emerging “in the moment” and “for the moment” management and decision making style. This is a very powerful concept, one that some high tech and other progressive companies are developing today. However, it takes a long time, different structures, a special type of leadership and major changes in the culture for an historically top-down, audit and regulatory organization to move toward adhocracy. There needs to be some intervening stages before RMP can begin to resemble an adhocracy in a full sense, which some say they want.

Stakeholders

The work of RMP affects many stakeholders. Internal stakeholders include managers and employees in all parts and locations of the agency. Key external stakeholders are states, tribes and industry. The large groups gave mixed ratings to whether or not “key internal and external stakeholders had been adequately informed and involved.” Overall, the median rating was 2.5 on the 4-point scale, with a median of only 1 in Oklahoma City and a median of 3.5 in Tulsa. Clearly, there are differences in perception about the level of stakeholder involvement.



Regarding external stakeholder involvement, large group participants didn't know much about how involvement was occurring and this raised concerns on their part. On the financial side, industry reporting requirements will apparently change significantly. While the intent is to streamline processes and reduce burdens, some employees wondered whether industry was adequately informed and prepared to deal with the impact of proposed changes on their own reporting processes and systems. On the compliance side, there seemed to be greater confidence that stakeholders were involved. In particular, the design of the operational models involves stakeholders in a significant way for the solid minerals operational model where states are significant partners.

Apparently some rank-and-file employees are unaware of the depth and magnitude of the ongoing outreach and feedback processes that have been implemented for some time by senior management.

Perhaps this information has not filtered down yet through either RMP's organization or through the industry, Tribe, federal and state agencies' organizations.

Technology

Throughout this assessment, we have noted the important role of information technology in enabling and shaping the new business processes. Additionally, the new methods of accomplishing work rely on high performance teams at dispersed locations. This change will require RMP to obtain and make effective use of various technologies that enables employees who are physically distant to work interactively with fellow employees, partners from states and tribes and industry liaisons. Operational model teams are actively experimenting with uses of videoconferencing, telephone conferencing and interactive computing to communicate, share information and work together. Currently, the team members are struggling to get the right equipment and obtain timely support from Systems Management Division (SMD). They acknowledge that SMD has many competing priorities but would like more proactive support and leadership on technology issues from RMP's technology organization.

SECTION 5.

CONCLUSIONS AND STRATEGIES

In the preceding sections of this report, we have assessed RMP's workforce readiness from a number of perspectives to successfully accomplish major changes. RMP has many advantages and strengths that can be leveraged to help it succeed. To this point, however, most of the organization's energies have been placed on designing and communicating the technical aspects of the planned business processes changes. RMP leaders are astute in their understanding that the human side of change now requires attention. In this section, we summarize our observations and distill the key points about change readiness we believe merit attention and action. While our next product, the Transition Plan, will cover strategies in considerably more depth, some general strategies are identified below, as well as some "quick hits" that can be implemented right away.

5.1.

Summary of the Current Situation

RMP's readiness for change is summarized below from four perspectives: Transition Stage, Knowledge Base, Attitudinal State and Key Enabling and Restraining Forces. To put our results in a larger context, we did not find anything unexpected in our assessment of the current situation. RMP employees are expressing the types of concerns and issues that most all large organizations face when dealing with a change of this magnitude.

5.1.1.

Transition Stage, Knowledge Base and Attitudinal State

There are many needs people experience during big changes: for information, for involvement, for control. The organization's stage of transition and what employees know and how they feel are all closely linked. RMP has an opportunity to reduce uncertainties and fears about the change and accelerate the transition process.

Transitions have three distinct phases that can be anticipated and facilitated by an organization undergoing change: Endings, the Neutral Zone and Beginnings. RMP is still very early in its transition status. Many employees (especially those in the compliance side) seem to be in the Endings phase. They know they will be letting go of many things they do now, and know little of how that will change. That makes it difficult for them to move

into the Neutral Zone. Most employees on the Financial side seem to be almost “pre-Endings,” meaning that they’re not sure what they’ll be losing, much less what they’ll be gaining and moving toward. Thus, the majority on the Financial side aren’t focused on the change yet; it’s not real to them, nor will it be until they have some idea of the new software, how it will work and what process changes are involved. Managers at the grade 14 and 15 level appear to be at varied stages of transition as well. Many visible managers are clearly leaders and strong supporters of the “to be” model and they could be categorized as moving into Beginnings. Other senior grade managers are perceived to be “on the fence” or even opposed -- signs of the early stage of the Endings phase.

RMP employees are well informed about the business process changes and concur that the change will happen. They appear to have less knowledge about the implications of the changes for their work and are asking for details about how their individual jobs and work processes will change. In the large group meetings, many employees were actively seeking information and opportunities to increase their knowledge. Attitudes are mixed concerning the change. Employees directly involved in the change - the PRO and the Operational Model Teams - express excitement, enthusiasm and eagerness to move ahead. However, most (about 81%) of the organization's employees are not directly involved and they look at the imminent changes with uncertainty, some fear and many concerns.

RMP should now focus on helping employees acknowledge endings and move quickly into the next phase, the Neutral Zone. The Neutral Zone is a time of exploration and discovery for individuals as they bring the new situation more clearly into focus and reduce their uncertainties. Thus, the time is ripe for RMP to accelerate movement into this next phase. As noted before, during big changes people express needs for information, for involvement, for some control. RMP has opportunities to provide more of each of these, especially to those not currently involved on one of the change teams.

5.1.2. Key Enabling and Restraining Forces

Just as a ledger sheet has credits and debits, so an organization faces both enabling and restraining forces during a major change. It helps an organization manage change when it identifies and labels the most important forces and develops strategies to address them. When an organization recognizes its assets, it can develop strategies that deploy them to advantage. When an organization

acknowledges and understands restraining forces, it can develop strategies that mitigate them. Section 4.4 of this report discusses the enabling and restraining forces facing RMP in more depth. Here we note the key forces that we think merit particular attention.

The key enabling forces that could be deployed to advantage are the following:

- Many senior leaders are clearly dedicated to the change.
- The Project Manager, PRO staff and RMP's Transition Team have resources that can be used to plan and carry out transition tasks.
- A large number of informal organizational leaders are participating on various change teams.
- Strong technical skills, information and experience exist in the workforce.
- Past experience at using information technology well exists, as well as adapting it when needed.
- Employees are committed to ensuring that RMP and the services it provides survive.

The key restraining forces to mitigate are the following:

- The perception by some employees that some senior managers are against the change.
- A perceived lack by some employees of a sufficient number of senior managers who are visibly overseeing implementation of the change.
- Many managers and other staff say they are unclear regarding the decision-making roles and mechanisms for resolution of significant project issues.
- Many employees don't feel a part of the change process yet, and some indicate a strong desire to become part of it but don't see how right now.
- Concern by some employees that risk management and contingency planning associated with major software

implementation need further clarification with rank-and-file employees.

- Many of the strategies employed (such as virtual teams and dynamic data verification) require rapid development of new skills and capabilities.
- A risk- and change-averse culture, with a vocal percentage of employees who apparently do not take the initiative to attend the change management meetings and read the change-related documents that senior managers have provided.

5.2.

Preliminary Strategy Recommendations

Specific recommendations for change management strategies will be presented in our next product, the Transition Management Plan. Our preliminary strategy recommendations shown below address the nine factors mentioned in section 4.1 that we believe are important for achieving a successful transition.

Need for change

1. There is an important business related problem or need driving the change.

Employees still have various perceptions about the reasons for the change and more importantly about accepting their validity. Whether people see the driving pressure as political or business related is not as important as achieving greater understanding and building acceptance for the organization's changed role and strategies for continuing to achieve its mission. RMP has adopted a more proactive, partnership strategy for achieving compliance and gaining timely payments. If it achieves more accurate, timely compliance up front, it will be less in an auditing and detection "long-after-the-fact" mode. It would benefit everyone to have explicit dialogue with senior leaders about the organization's role and goals and the high-level measures for success. This dialogue should begin with senior managers and continue throughout the organization.

Consistent story

2. Organizational leaders are communicating the need for change in a simple, clear way; they are telling the "story" consistently.

RMP employees tell us they're hearing a mixed message, particularly from high level managers. We heard three important messages: (1) top leaders need to be even more visible; (2) division

heads need to be visibly involved and leading the change; and (3) more leaders (formal and informal) need to be actively engaged.

Moving through this transition could be accelerated by leaders in division head and senior level positions. Leaders must be able to accept the new way of doing business if they are going to be able to lead others in implementation. Senior leadership needs an open discussion of concerns and identification of any areas of values conflicts with the new strategies. Once accomplished, each leader should be expected to propose what he or she can do to support and assist in implementation and make a commitment to carry it out. The proposed change is too important to allow people who hold key positions to “opt out” or stay on the sidelines.

Two-way communication *3. There is an emphasis on continual two-way communications concerning the change.*

The large group meetings clearly identified the need for more two-way communication in smaller group settings. Employees are eager for details of every kind about how processes and jobs will change. They mentioned a desire to hear first hand from operational model team members who could speak with authority and knowledge about the changes. These team members represent a resource that could be tapped to conduct outreach and lead discussions around specific topics of interest to employee groups. RMP should develop a list of topics, identify team members who could lead discussions and develop a schedule. Team members may benefit from some advance training to help them lead or facilitate discussion groups. There is also a need to establish processes and structures that will help employees to feel heard, and to demonstrate how their input is used. Enhancing two-way communications can help build trust and reduce skepticism.

Sponsor *4. A senior manager with credibility and clout is designated the sponsor for the change and has a strong team whose time is dedicated to the team effort.*

RMP has good standing on the issue of top leadership commitment to the change and the presence of a strong team. We do see the need to recruit more leaders who can help carry out important change tasks to assume some of the considerable demands on the current core group. There is also a need for more senior leaders to be visible to those affected by the changes.

Stakeholders

5. Key internal and external stakeholders are informed and involved.

Regarding internal stakeholders, the 81% of the organization not already directly involved in accomplishing the change represent a valuable resource to assist with research, problem solving, planning, and coordination for the project. For example, RMP needs assistance researching some of the as yet unresolved issues such as the job series, grades, etc., of those who are moving to larger, broader sets of tasks and responsibilities. Potential research and special projects abound. There may be opportunities to experiment with collaborative tools being made available now to operational models, piloting technology aids such as electronic work papers, practicing some aspects of the new compliance process outside the models, or shifting employees from low-demand units to those with higher demands (as needed).

RMP will also have an ongoing role to enhance the awareness and readiness of key external stakeholders. Every opportunity to involve more employees accomplishes two objectives: it helps employees build knowledge and greater comfort with the changes and it accomplishes needed tasks to move the project forward.

Internal service staffs need to function more as strong allies and partners for the change. The operational models depend upon them for proactive, timely support and assistance to make needed changes. It is vital to ensure that these key functions are “out front” in understanding and meeting the “to be” organization's requirements.

Game plan

6. There is a game plan that addresses the goals, key elements in the change, timetable and responsibilities, communications strategy, involvement of key stakeholders.

The Road Map represents the organization's current game plan for this change effort, and provides good, high level direction. In addition, RMP has hired a consultant (PEC) who is tracking project management and implementation. The development of a game plan for the transition itself will be the topic of our next report.

Right now, the most significant need we see is to clarify decision-making roles and processes during the transition and thereby increase both the knowledge and comfort levels of managers and other staff who will play a role in implementation. The greatest need we heard from employees was the desire for more

information on detailed project planning and contingency planning. It is not surprising given the analytical and risk-averse nature of the RMP organization that many of its members would want to analyze its plans in depth and seek a higher level of assurance about the adequacy of contingency planning. Senior managers are confident that ample project and contingency plans have been developed. Sharing more specifics about the plans where possible and developing opportunities to engage more people in carrying out the implementation will help allay fears and strengthen the final product.

Early wins

7. The change team generates some “early wins.”

There is considerable opportunity for knowledge transfer from the operational models. Universally, the employees in the large group discussions were aware of few “early wins” (specific accomplishments or steps forward). We recognize that the operational models are immersed in their tasks right now, but it is important to also develop mechanisms for identifying lessons learned and sharing them with the larger organization. Helping evaluate the operational models lends itself to a core strength of RMP, auditing. Outside of the models, there are many people with excellent analytical skills who could assist as evaluators and knowledge transfer agents, thus sharing specific accomplishments.

The new business processes and work design involve application of new skills and technologies. Training and pilot use for various aspects of the new technology can give employees not actively involved in the models some “hands on experience” of the changes in store for them. It can also help ready the organization in developing the skills and capabilities it needs for the future.

Both formal and informal reward processes can be used to highlight interim successes, and reinforce the concept of “early wins.”

Enthusiasm

8. There are many informal organizational leaders who are enthusiastic about the change.

Although it was not clear to us who the respected “informal leaders” are, many employees expressed an interest in getting more involved and RMP should make every effort to capitalize on this situation. Opportunities exist for people to get more involved, especially in special project, analysis and research capacities. It is important for RMP to recognize and reward people who demonstrate commitment, produce results and are willing to lead in

difficult times. RMP has a number of promotional opportunities triggered by unfilled vacancies that could be used to tap and formally recognize people who demonstrate the kind of capabilities and performance needed in the new organization.

Inevitability

9. There is a growing sense of inevitability that this change will, in fact, happen.

There is an overall acceptance of the inevitability of this change. However, in the large group discussions, many employees questioned “What was *wrong*?” with the old RMP. When change is proposed, people can sometimes interpret this to mean their work was not important, incorrect or unvalued. RMP is moving forward to survive but more importantly to thrive with new tools and capabilities. Helping celebrate and move beyond the past can help employees move out of the “Endings” phase of transition. To help with transition and to genuinely recognize the important work of people not on operational models who carry out most of the current work, RMP needs to develop creative opportunities to celebrate accomplishments and value people.